

DEPARTMENT OF INSURANCE

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February 5, 2004

The Honorable Richard Alarcón
Chair, Senate Labor & Industrial Relations Committee
State Capitol, Room 4035
Sacramento, California 95814

Dear Richard:

Thank you for your letter related to pharmacies billing injured workers to fill prescriptions they are entitled to under workers' compensation.

As you may have seen in today's *Sacramento Bee*, I intend to take this situation very seriously and bring to bear the full power of my office. The practice will not only create hardship for injured workers but it also has the potential to undermine your excellent work from the last session, and threatens our promises to employers to curb runaway workers' compensation premiums.

In order to address the issue immediately I am doing the following:

I have written letters to the executive officers of the drug store chains who are allegedly involved in this practice asking them to clarify whether they are requiring payment from workers to fill prescriptions and clarifying my position that such practices are illegal.

I have directed my General Counsel to confer with the General Counsel of the Department of Industrial Relations (DIR) in order to coordinate a strategy for ending these practices. In fact, enforcement of the provisions of the Labor Code falls in the first instance to the DIR. Although I am prepared to act quickly, my experience tells me that our enforcement strategies are more effective when we work with DIR in a collaborative way.

I have also directed my staff to prominently display a notice on our website directing any worker who has filed a workers' compensation claim and who has been charged for prescription drugs to contact our offices. If we have cases of individuals who are impacted we are in a better position to pursue a remedy. In addition, our Consumer Services Division has been instructed to immediately refer any consumer who contacts us complaining of these practices to my General Counsel.

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I look forward to working closely with you to assure that the reforms of your legislation from the last session become effective and deliver the significant savings they promise. I also look forward to working closely with you in the upcoming session to further our mutual goals of making sure that California's workers' compensation system works for injured workers and at the same time does not inhibit economic recovery and growth.

Sincerely,

A handwritten signature in black ink, reading "John Garamendi". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Garamendi" following in a similar style.

JOHN GARAMENDI
Insurance Commissioner

JG:nh/vov